

**Testimony of
Representative Ray A. Franz on HB 4515 (2011)**

Mr. Chairman and members of the committee,

Thank you for the opportunity to testify of HB 4515.

The intent of this bill is to allow the transfer of any property to a blood relative to the third degree without lifting the cap on the value for property tax purposes.

In a recent Supreme Court ruling, a transfer of property to an individual listed as a co-owner would not allow the lifting of the cap. This bill codifies this ruling and extends it to all transfers to blood relatives to the third degree - not just listed co-owners.

The purpose of this bill is to allow properties, held by families -- sometimes for generations -- to keep those properties within the family. Some properties, particularly small family businesses, lake front cottages and family farms have increased so much in value, that a removal of the cap would necessitate the selling of the property. Often family members cannot afford the new tax rate.

There are two restrictions in HB 4515 that separate it from other proposed legislation. First, the property use must be maintained. For example, someone could not take the ownership of a lake front home and turn it into a resort, or take a farm and then develop condominiums. Second, the transferee must hold the property for 7 years. If the transferee subsequently transfers the property to a non-blood relative within those 7 years, then the "cap" comes off back to the date of the original transfer. The additional taxes must be paid within 30 days. This maintains the spirit of the act which provides that the selling of a property be uncapped to 50% of true cash value.

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